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**FOUNDER OF CHARTWELL MANAGERS GETS 60 MONTHS  
IN U.S. PRISON FOR \$3.6 MILLION EMBEZZLEMENT SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that TODD BERMAN was sentenced today in Manhattan federal court to 60 months in prison by United States District Judge ROBERT P. PATTERSON, Jr. in connection with a scheme to embezzle more than \$3.6 million from the private equity firm he founded as well as his partner and an investor in the firm.

According to the Information, to which BERMAN pleaded guilty in December 2004, in about 1992, BERMAN and a partner ("Partner"), founded Chartwell Managers, LLC ("Chartwell"). In about 1999, Chartwell created companies (the "Investment Companies") to make investments in other companies using capital contributed by BERMAN, his Partner, and Chartwell's investor ("Investor"), and also created Chartwell Investments II, LLC ("Management Company") to manage the Investment Companies.

BERMAN was responsible for the Management Company's daily operations. BERMAN and his Partner owned the Management Company, received a salary from the Management Company and

participated in any profits. The Management Company's accounting and bookkeeping work was prepared by an accounting firm ("Accountants"), according to the Information.

At various times from about 2000 through about 2003, according to the Information, the Investment Companies made substantial equity investments in: PlayCore Holdings, Inc., which manufactures, markets and sells commercial and residential playground equipment; Bell Sports, Inc., which designs and markets sporting goods equipment; Carey International, Inc., which provides chauffeured vehicle services to clients around the world; and Richard Childress Racing, which owns and operates NASCAR racing teams (collectively the "Portfolio Companies").

BERMAN was on the Board of Directors of all of the Portfolio Companies. The Management Company played an active role in the Portfolio Companies by assisting their management in developing business strategies, structuring acquisitions and financing, and recruiting executives and outside directors. In exchange, the Portfolio Companies paid the Management Company a management fee for its services as well as expenses incurred by the Management Company on their behalf.

On about January 1, 1999, BERMAN, the Investor, the Management Company and BERMAN's Partner entered into an agreement (the "Loan Agreement") whereby the Management Company could borrow from the Investor funds to pay for operating expenses. From about May 2001 through about November 2002, BERMAN misled Chartwell's Investor concerning the Management Company's

financial condition by falsely claiming that it needed to borrow funds from the Investor pursuant to the Loan Agreement to meet operating expenses, it was charged. As a result of these misrepresentations, from about May 2001 through about November 2002, BERMAN convinced the Investor to lend the Management Company approximately \$1.8 million. BERMAN subsequently transferred a portion of these funds to his Bank Account without informing Chartwell's Investor or his Partner. BERMAN also transferred additional funds from the Management Company to his Bank Account. These funds came from fees paid by the Portfolio Companies and the Investment Companies. Overall, from about April 16, 2001, through on or about August 28, 2003, BERMAN unlawfully transferred approximately \$2.1 million from the Management Company's bank account to his Bank Account.

According to the Information, in order to conceal his transfers from his Partner and Chartwell's Investor, BERMAN instructed Chartwell's Accountants not to inform anyone about the transfers and provided his Partner and Chartwell's Investor with false financial information. He accomplished this by altering some of the figures on the Management Company's financial statements and then distributing the altered statements to his Partner and the Investor.

According to the Information, from about March 1999

through about September 2003, BERMAN also unlawfully charged more than 600 personal expenses, totaling more than \$1.5 million, to the Management Company and the Portfolio Companies. BERMAN accomplished this by directing Chartwell's Accountants to pay the expenses and then to allocate them to the Management Company or the Portfolio Companies. He then instructed a Chartwell employee ("Employee") to prepare invoices to charge Portfolio Companies for both legitimate expenses incurred by the Management Company on behalf of the Portfolio Companies as well as for his personal expenses but to hide his personal expenses from the Portfolio Companies by not itemizing the invoices. As a result, the Portfolio Companies were unaware that BERMAN was billing them for his personal expenses. BERMAN instructed the Employee not to disclose her actions to his Partner or the Investor.

According to the Information, on several occasions, BERMAN unlawfully had the Management Company pay for various personal expenses he incurred while on vacation. These expenses included: (1) approximately \$56,826 for the cost of a privately chartered jet that BERMAN used to fly to and from Puerto Vallarta, Mexico, in December 2000; (2) approximately \$25,641 for the cost of his hotel room during his vacation at Telluride, Colorado, in March 2002, as well as approximately \$1,010 for the cost of restaurant bills at Telluride; (3) approximately \$78,795 for the cost of a privately chartered jet that BERMAN used to

travel to and from Johannesburg, South Africa, on vacation in August 2002 and more than \$2,000 for airline tickets for trips he took within South Africa and the cost of meals he ate on this vacation; (4) approximately \$50,856 for the cost of a privately chartered jet that BERMAN used to travel to and from Aspen, Colorado, for vacation in March 2003; and (5) approximately \$80,468 for the cost of a privately chartered jet that BERMAN used to travel to and from St. John, Antigua, for vacation in December 2002. Finally, BERMAN had the Management Company or Portfolio Companies pay for various personal expenses, including meals, rental cars and helicopter trips, totaling approximately \$23,421, he incurred in connection with his visits to the Hamptons, Long Island, New York, at various times from 2000 through 2003.

BERMAN, age 47, resides in Manhattan.

Mr. KELLEY praised the investigative efforts of the Federal Bureau of Investigation in this case.

Assistant United States Attorneys PAUL B. RADVANY and LISA KOROLOGOS are in charge of the prosecution.